

Remarks

Claims 1, 6, 7, 16-19, 21, 25, 26 and 33 have been amended and new claims 37-45 have been added. Review and reconsideration in view of the amendments and remarks below are respectfully requested.

Claims 1-8, 13, 15-20 and 33-36 are rejected as being anticipated by U.S. Pat. No. 5,053,957 to Suzuki. However, as initial matter, it should be noted that the Suzuki reference is directed to, and discloses, an entirely different system and "reward" method than that of the present invention. More particularly, the Suzuki reference appears to disclose a system for tracking discounts that is implemented on an electronic cash register. Differing types of purchasers (stockholder, employees, members and guests) receive varying levels of discounts for their purchases (column 2, lines 4-7). The system and method of the Suzuki reference appears to be nothing more than an electronic cash register programmed to track and apply the appropriate discount levels (see column 1, lines 8-12).

In contrast, the present application discloses a true reward/discount program which is set up and run in a completely different manner than the electronic cash register of the Suzuki reference. In one embodiment, the store or chain determines a plurality of product categories. In the case of a grocery store, and by way of example, categories such as "frozen foods and ice cream," "fresh produce," "pet foods and supplies," or the like may be created (page 2, lines 15-18). Customers may then be invited to sign up for the program and select any number of the product categories (page 3, lines 4-14). For example, when the store offers nine product categories, the customer may have the option to select three of the nine product categories (page 3, lines 14-15). Once the product categories have been selected, the customers' purchases in at least the select product categories may be tracked (page 3, lines 20-21 and page 4, lines 25-27). The program may be run for a discrete period of time (page 8, lines 5-7). When the discrete period of time is expired the program ends and purchases in each selected category may be totaled, and a reward or rebate based upon the purchases and selected category may be calculated (page 8, lines 9-11).

Thus, the system disclosed in this application is a true reward "program" and is distinct from the simple instant discount program of the Suzuki reference. The organization and selection of product categories may be used to encourage the purchase of low volume products,

provide a mixture of high and low volume products, or otherwise encourage or reward desired customer behavior (page 2, line 26 – page 3, line 1). The program may be easily implemented using an existing customer rebate or rewards program (page 3, lines 21-27), and the rewards can be structured so as to reward or encourage certain purchasing behavior (see page 3 lines 17-30). Moreover, the timing of the program may allow the program to be set up and arranged such that the program runs during a relatively high volume sales period, and the rebate or reward may be available for use in a relatively low volume sales period to provide an evening-out effect for revenue (see page 9, lines 7-13).

It is respectfully submitted that the rejection of claim 1 as being anticipated by Suzuki is in error and that the Office action takes a strained and unsupported interpretation of the claims and/or the Suzuki reference. For example, claim 1 includes, as its first step, "establishing a plurality of product categories." One method for establishing a plurality of product categories is described in at page 2, line 13 – page 3, line 2 of this application, wherein it is described that the product categories can include any of a number of products, and the product categories may be a grouping of products that is familiar to, and easily recognized by, customers.

In comparing this claim limitation to the Suzuki reference, the Office action apparently takes the position that a store (as in Suzuki) which offers men suits, bags, ties and the like inherently "establishes product categories" by the mere act of offering these differing items for sale. Although it is acknowledged that the Office is constrained to provide the claims their broadest reasonable interpretation, it is also true that the claims must be interpreted in light of the specification as they would be understood by one of ordinary skill in the art. MPEP §2111.01. Under the interpretation advanced in the Office action, any merchant selling more than one product has thereby "established a plurality of product categories." However, it is submitted that this interpretation does not correspond to the meaning that limitation would be given by one of ordinary skill in the art in light of the specification.

Similarly, the second step of claim 1 is "receiving an indication of selected ones of product categories." By way of example, as described at page 2, lines 3-19, the customer can select which product categories are desired at, for example, a self-check out system at a kiosk, by interactive phone or voice activation system, with the assistance of a cashier or the like. However, under the interpretation advanced by the Office, the simple act of a check out clerk

identifying which items a customer has selected for purchase apparently corresponds to the "receiving an indication of selected ones of product categories." However, it is submitted that one of ordinary skill in the art, when asked what the cashier customer/cashier were doing at that point in time, would not indicate that there is any "receiving indication of a selected product category." As noted above, the claims must be interpreted in light of the specification; upon a reading of the specification, it is submitted that one of ordinary skill in the art would not construe selection of a single *product* as in Suzuki as "receiving an indication" of an entire *product category*.

The third step of claim 1 is "tracking a customers' purchases in at least the selected product categories." In contrast, in the Suzuki reference, there does not appear to be any "tracking" of any purchases in the selected product categories, given that Suzuki does not even establish, recognize, or utilize "product categories."

Finally, the last step of claim 1 is a "providing a reward to said customer based at least in part upon the customers' purchases in the selected product categories over a discrete period of time." As previously noted, the Suzuki reference does not disclose the "selected product categories" as that term would be understood by one of ordinary skill in the art upon reading the specification. Moreover, the Suzuki reference does not disclose providing a reward based upon purchases over a discrete period of time. Instead, the Suzuki reference provides rewards based upon a single transaction which must ultimately occur in an instantaneous moment; that is, once the transaction is officially processed and/or approved. The Suzuki reference does not disclose providing a reward based upon customers' purchases (plural) over a discrete period of time. Instead, the Suzuki reference provides a one time, pre-assigned discount to a particular purchase.

This strained interpretation of the Suzuki reference applies equally to many of the rejections of the dependent claim and remaining independent claims as well. However, for the sake of brevity, except for selected limitations discussed above and some dependent claims discussed below, the other specific claim limitations are not addressed herein, although Applicant reserves the right to traverse the Office's interpretation of Suzuki as applied to these claims at a later time.

Despite the fact that the Suzuki reference does not disclose: 1) a plurality of product categories; 2) receiving an indication of selected ones of the product categories; 3) tracking

purchases in at least the selected product categories; or 4) providing reward to the customer based at least in part upon the customers' purchases in the selected product categories over a discrete period of time, claim 1 has been amended to further distinguish over the Suzuki reference. More particularly, claim 1 has been amended to specify that the tracking of the customers' purchases in at least the selected product categories is carried out over a plurality of discrete purchase transactions. In contrast, as noted above, the Suzuki reference only discloses a "one-off" transaction with a corresponding reward provided at the time of purchase.

Claim 1 has also been amended to specify that the providing step provides a single reward to the customer based at least in part upon the customers' cumulative purchases.¹ Thus, it is submitted that claim 1 as amended clearly distinguishes over the Suzuki reference, and it is requested that the anticipation rejection thereto be withdrawn.

New claims 37-43 depend directly or indirectly from claim 1 and further distinguish over the Suzuki reference. For example, claim 37 specifies that the receiving step is discrete and separate from a purchase transaction or selecting an item for purchase. In contrast, in interpreting the Suzuki reference the Office action appears to take the position that the mere act of selecting a item for purchase is the same as selecting a "product category."

Claim 38 specifies that the reward to the customer is based upon a plurality of discrete transactions. In contrast, in the Suzuki reference the "reward" is an instantaneous discount applied to a single transaction.

Claim 39 specifies that each product category in the establishing step includes a plurality of products linked together by a store or chain to thereby define each product category. In contrast, in interpreting Suzuki, the Office action appears to take the position that each product is inherently its own "product category." However, Suzuki does not disclose a store or chain linking together a plurality of products to thereby define a product category.

New claim 40 depends from claim 39 and specifies that each product category includes a relatively broad category of products and includes a plurality of differing products or goods included therein such that each product category is broader than any particular product or good individually available for purchase (see page 2, line 15 – page 3, line 2).

¹ It should be noted that this limitation indicates that a reward is based upon a plurality of purchases, and is not an indication that infringement can be avoided by providing multiple rewards.

Claim 41 specifies that the establishing step includes establishing a predefined number of product categories, wherein each product category includes a plurality of products, and wherein the method further includes the step of, after the establishing step and prior to the receiving step, a customer selecting one of the product categories. In contrast, in the Office action's interpretation of Suzuki, each "product category" includes only a single product.

New claim 42 specifies that each discrete transaction constitutes a separate visit to the store or chain. Separate visits to the store are contemplated throughout the disclosure of the application, including, for example, at page 5, lines 6-12; page 5, lines 21-30; page 6, lines 1-4; page 6, lines 24-27; and page 7, lines 2-4.

New claim 43 depends from claim 1 and specifies that the discrete period of time is longer than the period of time to complete a purchase. For example, at page 8, lines 6-9 it is noted that the program can run from a few hours to several years or more.

New claim 45 is an independent claim that is similar to claim 1 but specifies that an indication is received "of at least one selected product category." Thus it is submitted that claim 45 distinguishes over the cited art for the same or similar reasons to that of claim 1.

Independent claim 24 is rejected as defining obvious the subject matter over Suzuki in view of U.S. Pat. No. 6,128,599 to Walker et al. The Office appears to acknowledge that the Suzuki reference does not disclose certain steps of claim 24, including the steps of setting a purchase threshold; and at some time after the customer reaches the purchase threshold, calculating a reward based at least in part upon customer purchases in the selected categories. The Office action then cites to Walker '599 as allegedly disclosing a reward only if a customer has exceeded a purchase threshold.

However, it should be noted that the Walker '599 patent is directed to an entirely different type of transaction than that of the Suzuki reference (or that of the claimed invention). In particular, Walker '599 is a system for tracking financial accounts (i.e. for credit cards), and is not directed to tracking purchases. Instead, Walker '599 focuses upon rewards purchase of a group (i.e. an affinity group such as a college alumni group (column 1, lines 23-24)), and not individuals. Rewards are based upon "performance" of that affinity group as a whole (see column 2, lines 46-49; "The present invention also provides a method and system that enables affinity group card members to accrue rewards or penalties based on aggregated group

performance, not simply on the individual card member performance.") The rewards are also provided *to* the affinity group, and not to individuals in that group (see column 7, lines 19-22).

Thus, it can be seen that the Suzuki reference, which is directed to providing a discount at an electronic cash register, is directed to an entirely different system and indeed, an entirely different transaction, taking place at a different time, than the Walker '599 reference. Suzuki focuses upon *purchases* by an *individual customer* at a *store*, and the Walker '599 reference focuses upon *credit card transactions* by a *cumulative group* that can occur in any of a variety of manners (i.e. a balance transfer; a mortgage payment, etc.).

Since these two references teach distinct methods directed to different aspects of a transaction or transactions, if one of ordinary skill in the art attempted to combine these references, the references would simply be combined and used in their individual discrete areas of commerce as designed. The Suzuki reference would, for example, provide a discount to individuals when purchasing clothing. If that purchaser were a member of an affinity group (i.e. an alumni group) under the Walker '599 program, and used the appropriate credit card, that purchase could count toward the affinity group's total. It is submitted that one of ordinary skill in the art would not try to form a mashed "hybrid" of these two varied references when they fit together perfectly well, and function in their intended manner, in their unmodified form.

For example, the Office action, at paragraph 25, indicates that the Walker '599 reference "teaches providing a reward only if a customer has made sufficient purchases that exceed a purchase threshold...." However, it is submitted that this statement is simply not accurate. The Office action refers to Fig. 5, but Fig. 5 discloses a table for *cumulative* totals of an *affinity group* (not purchases of a customer) as can be seen by the "Affinity Group ID" in the left hand column of Fig. 5 (see also column 7, lines 19-22). Walker '599 teaches accumulating rewards for an affinity group (see, e.g. column 1, lines 49-53), and not providing rewards to a single customer.

Indeed, the Office action appears to at some places inherently agree with this position. At paragraph 25 the Office action it is noted that "Corresponding these buyers of different levels to the affinity groups of '599 would serve to provide an incentive for the members of these buyer levels to purchase above a purchase threshold by giving them a discount for doing so, *in addition to* the incentive providing by the buyer level discounts of '957 (Fig. 13)" (emphasis added). Thus the Office action appears to agree that if the Walker '599 and Suzuki references were to be

combined, two types of discounts could be offered: 1) an single purchase-based discount provided by the Suzuki reference, and 2) an reward provided to an aggregate affinity group of which the purchaser is a member.

However, such a program utilizing these two discounts does not disclose the subject matter of claim 24. For example the reward system of Suzuki does not, for example, utilize a purchase threshold, and the reward system of Walker '599 does not, for example, establish product categories, receive an indication of selected ones of the product categories as selected by a customer, or provide a reward based at least in part upon customer purchases in selected categories. It is improper to read certain claim limitations of claim 24 as corresponding to Suzuki, and other claim limitations as corresponding to Walker '599, since one of ordinary skill in the art would not combine those two programs into a single, integrated program, as outlined above. Thus it is submitted that claim 24 distinguishes over the cited references.

New claim 44 depends from claim 24 and adds limitations similar to those added to claim 1 and discussed above.

Independent claim 25 is rejected over Suzuki in view of Walker '599, and further in view of U.S. Pat. No. 6,018,718 to Walker. However, the same problems in attempting to combine Walker '599 with Suzuki remain as outlined above. More particularly the Walker '599 reference is directed to providing rewards to a group/organization, whereas the Suzuki reference provides instantaneous rewards to single purchaser at check-out. Thus Suzuki and Walker '599 are focused at opposite ends of the chain of commerce, and would not be combined by one of ordinary skill in the manner proposed in the Office action.

The Walker '718 patent is directed to a system and method for providing a customized reward to the holder of a financial account (i.e. a credit card holder). The Walker '718 patent discloses that the historical account data of a customer can be tracked, and a customized reward program can be set up for that customer to encourage certain behaviors on a customer-specific level. One of the rewards to be provided to the customer is a lowered APR (see Fig. 4 and column 6, line 44).

Claim 25 specifies that a reward accumulates but cannot be used during a selected period of time. Claim 25 also specifies that the method includes the step of providing a window after the selected period of time wherein the reward may be used, and wherein the reward does not

accumulate during the window of time. The Office action appears to take the position that the Walker '718 patent discloses this aspect of the invention, citing to the reward of a lowered APR as a reward to a credit card customer.

However, it is not understood how the mere disclosure of a lowered APR somehow discloses a period of time in which a reward accumulates but cannot be used, or a window of time in which a reward may be used and does not accumulate. A lowered APR is presumably applied in the standard manner; that is, the APR is immediately applied to the credit card holder's outstanding balance. Thus a lowered APR provides instantaneous benefits to the card-holder in the form of immediately lowered interest payments. If the card-holder does not have any outstanding balance, then the lowered APR is presumably applied once the card holder does have a balance.

However, in order to further clarify claim 25, that claim has been amended to indicate that the prevention of the reward being utilized during the selected period of time is determined by the operator of the reward system, as opposed to any activity (or lack thereof) by the purchaser. Claim 25 has also been amended to specify that the prevention of the reward system from being used during the window of time is also determined by the operator, as opposed to the purchaser (i.e. by having a zero balance).

Independent claim 26 has been amended to specify that the at least one computer is programmed to track the purchases for a plurality of customers over a plurality of discrete transactions, and to calculate a single reward for each customer based at least in part upon the customer cumulate discrete purchase transactions in selected ones of said predetermined product categories. Thus, it is submitted that claim 26 distinguishes over the cited references for the same or similar reasons as claim 1.

Independent claim 33 has been amended to specify that the tracking module tracks the amount of customer purchase plurality and discrete transactions and that the calculating module calculates a reward based at least in part upon the cumulative tracked customer purchases. Thus, it is submitted that claim 33 distinguishes over the Suzuki reference for the same or similar reasons as claim 1.

With respect to selected ones of the dependent claims, it is also noted that the Office action provides an inconsistent interpretation of Suzuki with respect to claims 2 and 3. Claim 2

specifies that the "receiving step" includes receiving an indication of selected ones of the product categories as selected by a customer. With respect to this claim, the Office action takes the position that when a customer purchases a product, then that step constitutes selection of a product category.

Claim 3 specifies that the "receiving step" includes receiving an indication of selected ones of the product categories as selected by an operating store. In this context the Office action takes the position that when the "goods" key is pressed on the cash register of Suzuki, then this step constitutes selection of a product category. Accordingly Applicant is left to question which step of Suzuki actually constitutes the "receiving" step. The same issue is presented in the rejection of claims 27 and 28.

In addition, claim 15 includes the step of recognizing the selected product categories, wherein the recognizing step includes entering the selected product categories into a computer system. The Office action appear to indicates, at paragraph 12, that the Suzuki reference "recognizes" the selected product categories when the goods 2, 3 are entered into the computer (i.e. by pressing the "goods" key) of the Suzuki cash register (adopting the claim 3 interpretation in this respect). However, as noted at page 4, lines 16-19 of this application, "receiving" product categories is distinct from "recognizing" product categories. In this case the Office action has impermissibly construed the "button push" of Suzuki as two distinct claim limitations that are indicated to be separate steps.

Claim 8 specifies that the receiving step occurs after the start of the tracking step. The Office action refers to the ability of the Suzuki cash register to temporarily change customer levels before a transaction is rung up, and takes the position that therefore the subject matter of claim 8 is shown in Suzuki. However, claim 8 specifies that an indication of selected ones of the product categories are selected prior to any tracking of a customer's purchases in the selected product categories.

The Office action, in its interpretation of claim 1, apparently takes the position that the "receiving" step occurs when a customer brings a purchase to a purchase counter and the purchase is identified. Thus the "receiving" step must take place before the customer's purchases are tracked (i.e. electronically processed). Even if a customer's discount level were to be

changed mid-transaction, this does not change the fact that the clerk must identify the item to be purchased before it is scanned. Thus the subject matter of claim 8 is not shown in Suzuki.

With respect to claim 14, the Office action appears to take the position that Walker '599 has "product categories" in that a 1% reward is provided for purchases up to \$150,000, a 2% reward is provided for purchases up to \$200,000, etc. However, classifying purchases based upon total aggregate purchases is in no way a "product category." The fact that a credit card company may aggregate purchase volumes is a strictly financial calculation, and is not based in any way upon the nature of any "product." Indeed, if the Office action's interpretation were to be correct, then a purchase for a single product that spans the \$150,000/\$200,000 threshold would be arbitrarily "categorized" into two different categories simply because of the total of previous purchases, thereby directly contravening any reasonable interpretation of a "product category."

Claim 22 specifies that the reward is limited such that the reward can only be used during a time period of relatively low volume of sales. The Office action refers to column 8, line 60 – column 9, line 29 of Walker '599. However, this portion of Walker '599 does not appear to disclose any system wherein a reward is limited such that the reward can only be used during a time period of relatively low volume of sales.

Claim 19 is indicated to be anticipated by Suzuki. However, at paragraph 16 of the Office action the Walker '599 patent is referenced. Accordingly, further clarification of the rejection of claim 19 (i.e. whether the claim is rejected as being anticipated or obvious) is requested so that Applicant can more fully respond.

The rejection of claim 35 appears to refer to claim language that is not presented in claim 35, and therefore clarification of that rejection is requested to that Applicant can more fully respond.

Serial No. 10/626,148
Attorney Docket No. 058420-00005
Amendment

In sum, as outlined above, it is submitted that each of independent claims 1, 24-26, 33 and 45 distinguish over the cited references, and that many dependent claims further distinguish over the cited references. Accordingly, it is submitted that the application is in a condition for allowance, a formal notice of thereof is respectfully solicited.

Respectfully submitted,



Steven J. Elleman
Reg. No. 41,733

THOMPSON HINE LLP
2000 Courthouse Plaza NE
10 West Second Street
Dayton, Ohio 45402
(937) 443-6838